

Message Text

CONFIDENTIAL

PAGE 01 BUENOS 01169 01 OF 02 202043Z

65

ACTION PM-04

INFO OCT-01 ARA-06 ISO-00 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 MC-02 AID-05 EB-07 COME-00 H-02 OMB-01

TRSE-00 L-03 ACDA-05 /065 W
----- 051338

P R 201925Z FEB 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 4573

INFO SECDEF WASHDC//ASD/ISA/DSAA

USCINCSO QUARRY HTS CZ

JCS WASHDC

C O N F I D E N T I A L SECTION 1 OF 2 BUENOS AIRES 1169

E.O. 11652: GDS

TAGS: MASS, AR

SUBJECT: FY 77 MILITARY SECURITY ASSISTANCE

REF: STATE 036160 (DTG 131859Z FEB 76)

1. (U) THE FOLLOWING INFORMATION ON THE FY 77 MILITARY SECURITY ASSISTANCE PROGRAM FOR ARGENTINA IS FURNISHED IN RESPONSE TO REFERENCED MESSAGE. ANSWERS ARE KEYED TO QUESTIONS PARAGRAPH 5.A THROUGH J.

2. (C) ANSWERS ARE AS FOLLOWS:

A. HOST COUNTRY CAN BE EXPECTED TO ACCEPT AND CONSUMMATE THE PROPOSED LEVEL OF \$48,400M IN FMS CREDIT, AND TO UTILIZE THE ENTIRE AMOUNT OF \$900,000. IN GRANT AID TRAINING.

B. MAJOR ITEMS TO BE PROCURED IN TRI-SERVICE PRIORITY ORDER ARE AS FOLLOWS:

		COST	
PRIORITY	ITEM	QTY	(\$MILLIONS)

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BUENOS 01169 01 OF 02 202043Z

1	A/C SUPPORT	-	5.8
---	-------------	---	-----

2	SHIP SUPPORT	-	2.9
3	OTHER ARTICLES & SUPPORT, AF	-	1.5
4	MAJOR MAINT PKG, ARMY	-	.3
5	COMMAND & CONTROL EQUIP, AF	-	1.1
6	DRY DOCK MODERNIZATION	-	.2
7	CH-47	2	9.0
8	AH-1G	2	.75
9	-61 W/CSP	1	4.05
10	20MM A/C CANNON	20	.5
11	SIDEWINDER MISSILE	30	.2
12	HOWITZER, TOWED, 155MM	36	2.5
13	TARGET ACQ EQUIP	-	1.3
14	ENGR EQUIP	-	.9
15	MARINE CORPS EQUIP	-	.9
16	SHIP OVERHAUL	-	4.2
17	COMMAND AND CONTROL, NAVY	-	.5
18	TOW TARGETS AF	-	.6
19	UH-1H	1	.7
20	C-130H	1	10.0
21	UH-7	2	.5
	TOTAL PROGRAM		48.4

SHORTFALL SHOULD ADDITIONAL MONEY BECOME AVAILABLE:

22	U-21	2	1.8
23	T-28 W/CSP	6	.12
24	LCVP	2	.1
25	A4-C	5	.4
26	AIRCRAFT SUPPORT	-	2.0
27	COMMAND AND CONTROL, AF	-	3.0
	TOTAL INC'L SHORTFALL		55.8

C. THE CREDIT LEVEL WILL SUPPORT THE MILITARY REQUIREMENT DERIVED FROM A US-APPROVED FORCE GOAL. ARGENTINA PLANS TO USE THE CREDIT TO CONTINUE ITS FORCE MODERNIZATION. MAJOR ITEMS AND SERVICES TO BE PROCURED INCLUDE FIGHTERS, TRANSPORT, UTILITY AND HELICOPTER AIRCRAFT, MAJOR SHIP OVERHAULS, DRYDOCK MODERNIZATION, AND SHIP SUPPORT; AND THE ACQUISITION OF GROUND MOBILITY VEHICLES, CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BUENOS 01169 01 OF 02 202043Z

ARTILLERY AND COMMAND AND CONTROL EQUIPMENT. PLANNED MODERNIZATION WILL ENHANCE INTERNAL SECURITY CAPABILITIES OF ALL THREE SERVICES AND ASSIST THE NAVY IN EXTERNAL OBJECTIVES OF IMPROVING ASW CAPABILITY AND SURVEILLANCE OF THE SOUTH ATLANTIC.

D. OTHER MILITARY JUSTIFICATION FOR CREDIT IS TO PERMIT RELIANCE UPON THE U.S. AS ARGENTINA'S PRINCIPAL SOURCE OF U.S. MILITARY EQUIPMENT MINIMIZE THIRD COUNTRY INFLUENCE. ALSO, IN LIGHT OF

THE POSSIBILITY THT THE MILITARY MIGHT AT ANY TIME BECOME THE GOVERNMENT, IT IS IMPORTANT FROM THE STANDPOINT OF U.S. POLITICAL, STRATEGIC AND ECONOMIC INTERESTS IN ARGENTINA THAT THE U.S. CONTINUE SUPPORTING FORCE MODERNIZATION AND INCREASE PROFESSIONALISM OF THE ARGENTINE ARMED FORCES.

E. THE GRANT AID TRAINING AND COURSES SELECTED BY THE ARGENTINE MILITARY ARE ALL TIED TO THE NEED FOR NEW OR ADDITIONAL TRAINING TO SUPPORT, MAINTAIN AND OPERATE NEW EQUIPMENTS PURCHASE.

F. U.S. OBJECTIVES AND INTERESTS IN ARGENTINA ARE PRIMARILY POLITICAL AND ECONOMIC. THE U.S. IS INTERESTED IN: 1) POSITIVE AND CONSTRUCTIVE RELATIONS WITH ARGENTINA WHICH (A) AVOID ARGENTINE ACTION DISRUPTIVE TO OUR EFFORTS TO ACHIEVE HEMISPHERIC OBJECTIVES; (B) PROMOTE COOPERATION ON SUCH MATTERS AS TRADE AND THE EFFORT TO MEET GROWING WORLD REQUIREMENTS FOR BASIC AGRICULTURAL PRODUCTS; (C) PERMIT REASONABLE DIALOGUE IN AN EFFORT TO RESOLVE BILATERAL ISSUES; 2) INTERNAL STABILITY. THE BREAKDOWN OF ORDER IN ARGENTINA COULD HAVE A SERIOUS DELETERIOUS EFFECT ON AMERICANS STILL RESIDING IN ARGENTINA, ON U.S. INVESTMENT IN ARGENTINA, AND ON THE STABILITY OF OTHER GOVERNMENTS IN THE SOUTHERN CONE: AND 3) THE PROTECTION OF U.S. INVESTMENTS IN ARGENTINA WHICH IS NOW ESTIMATED TO BE \$1.4 BILLION.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BUENOS 01169 02 OF 02 202032Z

65

ACTION PM-04

INFO OCT-01 ARA-06 ISO-00 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 MC-02 AID-05 EB-07 COME-00 H-02 OMB-01

TRSE-00 L-03 ACDA-05 /065 W

----- 051213

P R 201925Z FEB 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 4574

INFO SECDEF WASHDC//ASD/ISA/DSAA

USCINCSO QUARRY HTS CZ

JCS WASHDC

C O N F I D E N T I A L SECTION 2 OF 2 BUENOS AIRES 1169

G. THE TYPE OF MATERIAL, EQUIPMENT AND SUPPORT ITEMS ARE FOR FORCE MODERNIZATION NEEDED TO REPLACE OBSOLETE EQUIPMENT. THE PROGRAMMED PURCHASES ARE NOT VIEWED AS AFFECTING THE REGIONAL ARMS BALANCE OR CONTRIBUTING TO AN ARMS RACE. IN ADDITION TO THE NEED FOR FORCE MODERNIZATION DESIGNED TO ENHANCE CAPABILITY OF THE HC SERVICES TO COMBAT THEIR PRESENT INTERNAL THREAT, NOTED PARA 2C ABOVE, THERE IS THE NEED TO REPLACE EQUIPMENT LOST DURING ANTI-GUERRILLA ACTIVITIES, FOR EXAMPLE, THE C-130 WHICH WAS LOST LAST YEAR. RECOGNITION IS GIVEN TO THE FACT THAT \$48.4 MILLION IS A SUBSTANTIAL INCREASE IN THE CREDIT LEVEL FOR ARGENTINA. HOWEVER, THE REPLACEMENT OF THE C-130 IS AN EXCELLENT EXAMPLE ON INCREASED COSTS DUE TO INFLATION. REPLACEMENT OF THE C-130 WHICH COST \$4.2M IS NOW FORECAST AT COSTING \$10M FOR AN AIRCRAFT IN FLY-AWAY CONDITION.

THE PRESENT STATE OF THE ARGENTINE ECONOMY ATTESTS TO THE FACT OF DIRE NEED FOR MILITARY CREDIT ASSISTANCE. IN THIS CONNECTION IT IS NOTED THAT THE ARGENTINE MINISTRY OF DEFENSE WAS FORCED TO ASK FOR AN ADVANCE (ONE IN THE AMOUNT OF \$9M, A SECOND IN THE AMOUNT OF \$8M AGAINST THEIR FY 76 LEVEL OF \$34M.) IN AN EFFORT TO CONTINUE DESIRED PROGRAMS AND PURCHASES. ON GRANT AID TRAINING, \$800,000 HAD BEEN THE POM PLANNING FIGURE FOR FY 77. AT THE TIME OF STAFFING THE FY 77 PROGRAM, HC DESIRES TOTALLED
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BUENOS 01169 02 OF 02 202032Z

\$1,040,000. TWO FLYING COURSES, ONE NAVY LSO COURSE AND ONE AIR FORCE ADVANCED FLYING COURSE EACH IN THE AMOUNT OF \$120,000 WERE PLACED BELOW THE CUT OFF POINT ON THE TRI-SERVICE PRIORITY LISTING IN ORDER THAT THE TOTAL PROGRAM COULD REMAIN WITHIN THE POM PLANNING FIGURE. IN ADDITION, INDICATIONS ARE THAT THE AA MILITARY ACADEMY IS GOING TO REQUEST A FOUR-WEEK COURSE FOR 60 CADETS AT USASA (EST. COST \$84,000) AND THE NATIONAL DEFENSE COLLEGE WILL AGAIN ASK FOR A TOUR WHICH WILL BOOST THE DESIRED FY 77 TOTAL TO \$1,276,000.

I. THE PROPOSED CREDIT LEVEL WILL NOT PLACE AN UNDESIRABLE BURDEN ON THE COUNTRY'S FOREIGN EXCHANGE RESOURCES, PRODUCE EXCESSIVE CLAIMS ON FUTURE BUDGETS, OR OTHERWISE INTERFERE WITH ITS DEVELOPMENT. HOWEVER, ARGENTIN'S EXTERNAL FINANCIAL SITUATION IS PRECARIOUS AT PRESENT AND THERE IS SOME FINANCIAL RISK INVOLVED WITH PROVISION OF NEW LOANS AT THIS TIME. NEVERTHELESS, WE BELIEVE MILITARY SECURITY INTERESTS HERE ARE PARAMOUNT AND THAT USG SHOULD MOVE FORWARD ON THESE CREDITS. SELF-FINANCED DEFENSE EFFORTS FOR FY 77 IS BEING FORECASTED AT \$844M WITH A FORECASTED GNP OF \$40.9B. THIS EQUATES TO AN ANNUAL DEFENSE EXPENDITURE OF APPROXIMATELY 2 PERCENT OF GNP THE PROPOSED FY 77
FMS CREDIT LEVEL AS RELATED TO TOTAL
DEFENSE EFFORT AND GNP IS CONSIDERED WELL WITHIN THE CAPABILITY OF THE ARGENTINE GOVERNMENT TO ACCOMMODATE AT NO DETRIMENT TO ITS FUTURE DEVELOPMENT.

J. THE ARGENTINE MOD HAS ADVISED OF HC SERVICE INTENTIONS OF
BUYING FROM U.S. SOURCES AN ADDITIONAL \$9.6M WORTH OF MATERIAL FOR
CASH OR DIRECT COMMERCAIL CREDIT. THIRD COUNTRY PURCHASES ARE NOT
KNOWN.

HILL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DATA, MILITARY ASSISTANCE PROGRAMS, MILITARY CREDIT
Control Number: n/a
Copy: SINGLE
Draft Date: 20 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BUENOS01169
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760064-0702
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760231/aaaabaxn.tel
Line Count: 229
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 36160
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 29 JAN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 JAN 2004 by morefirh>; APPROVED <26 OCT 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY 77 MILITARY SECURITY ASSISTANCE
TAGS: MASS, AR, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006